



BRIEFING: NOVEMBER 18, 2014, BOARD MEETING AGENDA ITEM #3

TO: Chairman Richard and Board Members

FROM: Scott Jarvis, Deputy Chief Program Manager

DATE: November 18, 2014

RE: Consider Approval of a Term Sheet for Procuring Program Management Team Services and Extension of Current Contract for Transition Period

Background

The California High-Speed Rail Program (Program) is expanding from the planning and preliminary design phases to project delivery and operations. As the Authority evolves to meet these changing needs, the role of key consultants will need to be adjusted to reflect the status of the Program.

In October, staff informed the Board that the Authority would be conducting market outreach related to the procurement of services currently provided by the current Program Management Team (PMT) contract. The purpose is to seek an expanded team with proven experience in both large scale program management and international high-speed rail technical delivery. The proposed new contract would continue to include support for strategic advice, business planning, program development, and management assistance for the Authority. Additional areas of expertise to be added include program delivery, systems and project integration, and specialized technical expertise.

Staff met with several firms to discuss these proposed changes and obtained their feedback on our approach. The attached PowerPoint was presented to these firms and includes an overview of the Authority, its functional areas, the proposed structure of the new contract, and an introduction of new elements including systems and project integration, program delivery, specific technical expertise, performance metrics, increased accountability, and a payment at-risk structure. Staff met with seven firms over October 27-28 and an additional firm on November 12, 2014. The firms that participated had contacted the Authority previously to indicate an interest in the high-speed rail program and included Bechtel, HDR, Hill International, HNTB, JR East, Parsons Brinckerhoff, Sener, and STV. Participation in these meetings is not a prerequisite for a firm to participate in the procurement.

Feedback from Market Outreach

During the meetings, firms were asked to respond to a series of questions and provide feedback to the Authority on the proposal and procurement process. There was a general consensus on several key items:

- The proposed contract is not a re-procurement of the existing PMT contract; the expanded scope and new structure is substantially different and requires new and expanded skills and experience.
- While it may be possible for a single firm to have the capacity for the new contract, to meet all the technical requirements and proposed scope, partnering among firms may be the preferred approach.
- Most of the firms have previous experience with the proposed structure, performance metrics, and payment at-risk concepts.
- A transition period will be required to move from the current PMT structure to the new contract structure.
- It was recommended to extend the new contract period to match or exceed the date of planned operations to ensure consistency through testing and commissioning.
- Additional feedback and input from the industry during the procurement process would be beneficial to the Authority. Firms recommended that a draft Request for Qualifications (RFQ) be issued for comment and discussion before final issuance and the start of proposal preparation.

Discussion

Based on internal discussions and the market feedback, the staff recommends the Board approve release of a RFQ based on the following framework and attached RFQ Terms. Further, staff recommends the Board approve an extension of the existing PMT contract to allow for a transition period.

Authority Leadership

The Board of Directors and Authority staff will continue to provide leadership and direction for the high-speed rail program. The new contract is designed to create a partnership with the ultimately successful team for management and delivery within the direction of the Authority's Board adopted Business Plans, environmental documents and other policies. The Board and staff will continue to retain control over government decisions and oversight.

Contract Name

To reflect the expanded role of this contract to focus on program management, integration and program delivery the name of the PMT contract will change to Rail Delivery Partner (RDP).

Scope of Work

The proposed structure for the new contract will focus on three main areas for the Scope of Work:

- **Program Management.** The program management function will continue through the next contract. The successful bidder will be an on-site team charged with managing and overseeing the functional components of the program. The team will have relevant experience in their applicable program management function. Additionally, the contracted firm(s) will have an on-site team of executive level management personnel with recent relevant experience. This on-site team will be dedicated to providing the Authority with support of critical decisions regarding the program delivery approach, business case, and/or master planning including alternate delivery methods (Public-Private Partnerships, Construction Manager/General Contractor, Design-Build-Operate-Maintain).
- **Integration.** The new contract will add an integration component to oversee and be responsible for coordination and compatibility between contractors, trades, projects and technologies for the program, including the development and implementation of a program wide Program Management Information System (PMIS) that integrates existing Authority systems and processes. This also includes resolving integration variances by performing cost-benefit analysis and leading efforts to develop integration specifications to plan and sequence roles and responsibilities for the program.
- **Program Delivery.** The new contract will also require multiple on-site (for each project) teams of professionals dedicated to each of the functional areas of program delivery. These individuals will oversee and monitor the performance of associated work packages under their assigned disciplines. Part of program delivery includes the specialized technical expertise with recent relevant experience to assist in critical program activities and systems. Areas with specialized technical expertise may include, but not be limited to; seismic tunneling, high-speed rail systems (train control, signaling, Positive Train Control), PMIS integration, heavy maintenance, facility operations, and maintenance (O&M).

Work Plans and Performance Metrics

Under the new contract, the Authority and the successful bidder will develop periodic performance metrics in the work plans that track performance in meeting program and project delivery targets. An outline of the general composition of these metrics/work plans is featured below:

- Metrics may focus on costs, schedule, quality, and safety
- A portion of the payments will be tied to meeting performance metrics
- The team will be responsible for developing and implementing a PMIS that will self-monitor and report on the program and also the performance metrics; Authority is establishing an internal QA/QC role that will monitor and validate the performance metrics and scoring
- Performance will include responsibility for managing and overseeing other Authority contractors

Transition

A key component of the next contract will be a smooth and comprehensive transition from the existing PMT contract. Based on the recommendations received from industry, the current PMT contract will need to be extended to accomplish the transition. The proposed time frame is estimated to be between three to six months from the end of the current contract. The estimated cost will be determined by Authority staff based on estimated efforts required for the transition, but is not to exceed the current monthly cost of \$5 million.

Small Business Requirement

The Authority will require compliance with the Board's 30% small business participation goal.

Contract Term and Cost

Staff recommends a contract termination date in 2022, in accordance with the planned operation date, with the option to extend.

The estimated contract value of \$6M to \$8M per month includes the two new areas of integration and delivery. With these additional duties, the new contract will consist of roughly a 30% cost increase from the existing PMT contract. This is a qualifications-based procurement; the actual contract amount will be negotiated and a recommendation presented to the Board.

Evaluation

In addition to the traditional qualification based submittals, the Authority will also be evaluating teams for a Program Delivery Approach, including performance criteria, in delivering a high-speed rail system.

Next Steps

Additional Industry Feedback

Staff recommends releasing a draft RFQ to the industry for refinement in December 2014. Firms wishing to submit a response may register with the Authority through a section to be established on the Authority's website. A final version of the RFQ would be released in January 2015.

Procurement Process

This is a qualification based contract and the procurement will be governed by Architectural & Engineering (A&E) requirements. The Authority will proceed in accordance with Government Code section 4525 et seq., the Authority's regulations, Board policies for Requests for Qualifications (RFQ), and other applicable state and federal requirements.

Procurement Schedule

A revised procurement schedule is provided below:

Release of Draft RFQ for Comment	December 2014
Release of Final RFQ for Procurement	January 2015
Statements of Qualifications Due	March 2015
Interviews	April 2015
Negotiations with Highest Scoring Proposer	April 2015
Recommendation of Award to Board	May 2015 Board Meeting
Notice to Proceed Issued	June 2015

Recommendation

Staff recommends the Board approved the two attached Resolutions for: (1) release of the final RFQ to procure services for program management, integration, and program delivery; and, (2) extension of the current PMT contract for services necessary to complete the transition.

Attachments

- RFQ Term Sheet
- Market Outreach Materials, October 2014
- Resolution #HSR14-33 RFQ Procurement
- Resolution #HSR14-34 Extension of PMT Contract